

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES  
INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH  
FOREIGN POSTAL OPERATORS  
PRIME UNITED STATES POSTAL SERVICE REGISTERED SERVICE  
AGREEMENT (MC2010-34)  
NEGOTIATED SERVICE AGREEMENT

Docket No.  
CP2022-65

**NOTICE OF UNITED STATES POSTAL SERVICE OF FILING  
FUNCTIONALLY EQUIVALENT INBOUND COMPETITIVE MULTI-SERVICE  
AGREEMENT WITH FOREIGN POSTAL OPERATORS**  
(May 13, 2022)

In accordance with 39 C.F.R. § 3035.105 and Order No. 546,<sup>1</sup> the United States Postal Service (Postal Service or USPS) hereby gives notice to the Postal Regulatory Commission (Commission or PRC) that the Postal Service entered into an Inbound Competitive Multi-Service Agreement with Foreign Postal Operators (FPOs).<sup>2</sup> Pursuant to 39 C.F.R. § 3035.105(a), a change in rates not of general applicability must be filed at least 15 days prior to their effective date; in this case, the rates will take effect on June 1, 2022, if favorably reviewed by the Commission. This notice concerns the inbound portions of the competitive product agreement “PRIME United States Postal Service Registered Service Agreement” (referred to as the “PRIME-USPS Registered Agreement”) that the Postal Service seeks to include within the Inbound Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product.

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<sup>1</sup> PRC Order No. 546, Order Adding Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement, Docket Nos. MC2010-34 and CP2010-95, September 29, 2010.

<sup>2</sup> The Postal Service considers the identities of the counterparty FPOs to be sensitive commercial information and, therefore, does not disclose this information in this Notice.

## **I. Background**

Prices and classifications for competitive products not of general applicability for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-published Competitive Rates (Governors' Decision No. 19-1), issued on February 7, 2019. This Decision authorized rates for, among other things, "Inbound International Competitive Agreements" that "consist of negotiated service agreements with foreign postal operators ... that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2)."

In Order No. 546, the Commission determined that the bilateral agreement presented by the Postal Service in Docket No. CP2010-95 (hereinafter "CP2010-95 Agreement") should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product.<sup>3</sup> In this Order, the Commission also acknowledged that the Postal Service proposed "that additional agreements functionally equivalent to the [CP2010-95] Agreement be added to the competitive product list as price categories under the Competitive Multi-Service Agreements product."<sup>4</sup> Moreover, in Order No. 840, the Commission accepted the Postal Service's designation of the CP2010-95 Agreement "as the baseline agreement for functional equivalency analyses

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<sup>3</sup> PRC Order No. 546, at 8-10.

<sup>4</sup> PRC Order No. 546, at 4.

of the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product.”<sup>5</sup>

The PRIME-USPS Registered Agreement is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the terms of this agreement are similar in scope and purpose to the terms of the CP2010-95 Agreement. Although there are variations between these two agreements, the agreements share many terms and clauses in common. Importantly, in Order No. 5563, the Commission favorably reviewed the “PRIME United States Postal Service Tracked Service Agreement” (referred to as the “PRIME-USPS Tracked Agreement”), which was then included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product.<sup>6</sup> The PRIME-USPS Registered Agreement is similar to the PRIME-USPS Tracked Agreement and only has some differences from the PRIME-USPS Tracked Agreement. Thus, the PRIME-USPS Registered Agreement should be accorded similar treatment to the PRIME-USPS Tracked Agreement and should be included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

In addition, the Commission is familiar with the negotiation cycle and regulatory process associated with this type of multilateral agreement given that many bilateral and multilateral agreements, including those under the PRIME umbrella, are included in this product grouping. For instance, in Order Nos. 1088, 1934, 2963, 4309, 5560, 5559, 6074, 6088, and 6092, the Commission determined that bilateral and multilateral

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<sup>5</sup> PRC Order No. 840, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2011-69, September 7, 2011, at 5.

<sup>6</sup> PRC Order No. 5563, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, Docket No. CP2020-169, June 25, 2020.

agreements made with foreign postal operators should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.<sup>7</sup> Similarly, in Order No. 5437, the Commission approved the Postal Service's request to transfer five negotiated service agreements (NSAs) from the Market Dominant product list of the Mail Classification Schedule (MCS) to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product in the Competitive product list.<sup>8</sup> These agreements consist of: Inbound Market Dominant Express Service Agreement 1, Inbound Market Dominant Registered Service Agreement 1, Inbound Market Dominant PRIME Tracked Service Agreement, and two bilateral agreements with foreign postal operators.<sup>9</sup>

Moreover, in Order No. 5437, the Commission cited to its previous determination in Order No. 4980 to conditionally transfer letter post small packets and bulky letters to the Competitive product list, and found that the five NSAs concern these same products or services, including tracking, delivery scanning, and registered service, related to

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<sup>7</sup> PRC Order No. 1088, Order Adding an Additional Bilateral Agreement to Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Product, Docket No. CP2012-4, December 30, 2011, at 7; PRC Order No. 1934, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2014-13, December 30, 2013, at 6; PRC Order No. 2963, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2016-57, December 30, 2015, at 7; PRC Order No. 4309, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2018-96, December 28, 2017, at 7; PRC Order No. 5560, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2020-167, June 22, 2020, at 7; PRC Order No. 5559, Order Adding Agreement to the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Product, Docket No. CP2020-141, June 19, 2020, at 10; PRC Order No. 6074, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators, Docket No. CP2022-34, December 23, 2021, at 8; PRC Order No. 6088, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operator—FY22-3, Docket No. CP2022-37, January 10, 2022, at 7; PRC Order No. 6092, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operator—FY22-2, Docket No. CP2022-36, January 14, 2022, at 8-9.

<sup>8</sup> PRC Order No. 5437, Order Approving Transfer of Market Dominant Negotiated Service Agreements to the Competitive Product List, Docket No. MC2020-73, February 19, 2020, at 10-11.

<sup>9</sup> *Id.*

these products.<sup>10</sup> The Commission concluded that the transfer of these NSAs to the competitive product list is consistent with the statutory product classification definitions under 39 U.S.C. § 3642(b)(1).<sup>11</sup> This further buttresses the Postal Service's request to also include the PRIME-USPS Registered Agreement within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Concurrent with this Notice, the Postal Service will file rates and supporting documents separately under seal with the Commission. The Postal Service requests that these rates and supporting documents remain confidential and includes an Application for Non-Public Treatment as Attachment 1 to this Notice. Additionally, the Postal Service attaches the following to this Notice: (1) Attachment 2 – a copy of the PRIME-USPS Registered Agreement; (2) Attachment 3 – a copy of Governors' Decision No. 19-1; (3) Attachment 4 – a certified statement concerning the PRIME-USPS Registered Agreement that is required by 39 C.F.R. § 3035.105(c)(2); and (5) the supporting financial documentation as separate Excel files. Redacted copies, where appropriate, of these documents are filed publicly, while unredacted versions are filed under seal for the Commission's review.

## **II. Identification of the Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators**

The Postal Service submits that, like the agreements between the Postal Service and other postal operator counterparties, the PRIME-USPS Registered Agreement fits

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<sup>10</sup> *Id.* at 5-6; PRC Order No. 4980, Order Conditionally Approving Transfer, Docket No. MC2019-17, January 9, 2019, at 23.

<sup>11</sup> PRC Order No. 5437, at 5.

within the current version of the MCS.<sup>12</sup> The PRIME-USPS Registered Agreement is intended to become effective on June 1, 2022 and would continue indefinitely. The counterparties to this agreement are FPOs that exchange mail with the Postal Service and apply the Universal Postal Convention and Universal Postal Convention Regulations to those exchanges, except as otherwise agreed by contract.<sup>13</sup> Additional FPOs may also accede to the PRIME-USPS Registered Agreement.<sup>14</sup> The Postal Service will update this docket should additional FPOs accede to this agreement.

The competitive services offered by the Postal Service to the counterparty FPOs in the PRIME-USPS Registered Agreement include rates for registered services.<sup>15</sup> Additionally, one of the key aims of the PRIME-USPS Registered Agreement is to enable and incentivize the parties to provide optimal services in the interest of their customers. For this reason, there are strong contractual quality of service incentives for services under the PRIME-USPS Registered Agreement.<sup>16</sup> Importantly, the PRIME-USPS Registered Agreement does not affect any other PRIME agreements including the Inbound Market Dominant Registered Service Agreement 1. Rather, the PRIME-USPS Registered Agreement is designed to address particular circumstances of certain FPOs that do not want to sign other multilateral agreements.

In this docket, the Postal Service presents only the inbound portions of the PRIME-USPS Registered Agreement, which concern competitive products. The rates paid by the Postal Service to each FPO under the PRIME-USPS Registered Agreement

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<sup>12</sup> See PRC, PRC, (Draft) Mail Classification Schedule, posted March 31, 2022, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 571-572, available at <http://www.prc.gov/mail-classification-schedule>.

<sup>13</sup> Attachment 2, at p. 1.

<sup>14</sup> Attachment 2, at Article 13 and Annex 5 (pp. 4, 5, and 17).

<sup>15</sup> Attachment 2, at Article 3 and Annex 4 (pp. 4 and 15-16).

<sup>16</sup> Attachment 2, at Annex 4 (pp. 15-16).

for outbound delivery of competitive postal products within each FPO's country were not presented previously to the Commission and are not presented here. Those rates represent supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its shipping customers for outbound competitive products to be dispatched to, and delivered in, each FPO's country. An agreement concerning outbound competitive services with the FPOs would no more need to be classified as a product or otherwise subjected to prior Commission review than would an agreement by the Postal Service to purchase trucking services from highway contractors or to purchase air transportation from air carriers.

### **III. Application for Non-Public Treatment**

The Postal Service maintains that the redacted portions of certain materials filed in this matter should remain confidential. Attachment 1 to this Notice is the Postal Service's application for non-public treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 1.

### **IV. Functional Equivalency of Inbound Competitive Multi-Service Agreements with Foreign Postal Operators**

The inbound portions of the PRIME-USPS Registered Agreement are materially similar to the inbound competitive portions of the baseline CP2010-95 Agreement with respect to products and cost characteristics. Similar to the CP2010-95 Agreement, the PRIME-USPS Registered Agreement fits within the parameters outlined in section 2515.10 of the MCS.<sup>17</sup> There are, however, differences between the inbound portions

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<sup>17</sup> See PRC, PRC, (Draft) Mail Classification Schedule, posted March 31, 2022, 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 571-572, available at <http://www.prc.gov/mail-classification-schedule>.

of the PRIME-USPS Registered Agreement and the inbound competitive portions of the CP2010-95 Agreement, which include the following:<sup>18</sup>

- The PRIME-USPS Registered Agreement is among the Postal Service and a number of different FPOs, while the CP2010-95 Agreement is between the Postal Service and one FPO.
- The beginning of the CP2010-95 Agreement has fewer introductory paragraphs than the PRIME-USPS Registered Agreement, and the CP2010-95 Agreement has fewer Articles than the PRIME-USPS Registered Agreement.
- The following articles in the PRIME-USPS Registered Agreement resemble the articles with similar titles that appear in the CP2010-95 Agreement: Liability (Article 7), Entry into Force (Article 12.1), Duration (Article 12.2), Termination (Article 12.3), Suspension (Article 12.4), Severability (Article 14), Annexes - Entire Agreement (Article 15), Assignment – Successors (Article 17), Dispute Resolution (Article 18), Amendment (Article 19), Governing Law (Article 20), Notices (Article 21), Confidentiality (Article 22), Legal Status of the Agreement (Article 23), Language (Article 24), and Force Majeure (Article 25).
- The PRIME-USPS Registered Agreement has these additional articles: Definitions (Article 1), Delivery of PRIME-USPS Registered Items (Article

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<sup>18</sup> This comparison focuses on the differences between the sections of the PRIME Registered Agreement that concern inbound rates and the sections of the CP2010-95 Agreement that concern inbound competitive rates. The CP2010-95 Agreement included both inbound competitive and inbound market dominant portions, but the inbound portions of the PRIME Registered Agreement are only competitive. See PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket No. R2010-5, September 30, 2010.



2), Remuneration for the Delivery of PRIME-USPS Registered Items (Article 3), Common Label (Article 4), Definition of PRIME-USPS Registered Item (Article 5), Use of ITMATT and PREDES (Article 6), Undeliverable Items (Article 8), Bilateral and Multilateral Agreements (Article 9), Contracts with Customers (Article 10), Settlement of Accounts (Article 11), Accessions (Article 13), Headings (Article 16), and Survival (Article 26).

- Furthermore, additional annexes, which provide greater specificity about the terms of the PRIME-USPS Registered Agreement, are: Definitions (Annex 1), Technical Specifications (Annex 2), Delivery Standards (Annex 3), Enhanced Payment Remuneration (Annex 4), Deed of Accession (Annex 5), Importer of Record Number for Imports to the United States (Annex 6), AED Requirements (Annex 7), and USPS Deed of Accession (Annex 8).

The PRIME-USPS Registered Agreement is also similar to the Inbound Market Dominant PRIME Tracked Service Agreement and Inbound Market Dominant Express Service Agreement 1, which the Commission favorably reviewed and transferred to MCS Section 2515.10.<sup>19</sup> The PRIME-USPS Registered Agreement is functionally equivalent to those agreements as it provides a registered service for letter post items, and as such should be classified together with those PRIME agreements. Thus, the PRIME-USPS Registered Agreement is appropriately classified within the overall product grouping.

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<sup>19</sup> PRC Order No. 5437, Order Approving Transfer of Market Dominant Negotiated Service Agreements to the Competitive Product List, Docket No. MC2020-73, February 19, 2020, at 10-11.

Furthermore, the Postal Service does not consider that the specified differences between the PRIME-USPS Registered Agreement and the CP2010-95 Agreement affect either the fundamental services that the Postal Service is offering or the fundamental structure of the agreements. Therefore, nothing detracts from the conclusion that these agreements are “functionally equivalent in all pertinent respects.”

## **V. Conclusion**

For the reasons discussed above, and as demonstrated by the financial data filed under seal, the Postal Service has established that the PRIME-USPS Registered Agreement is in compliance with the requirements of 39 U.S.C. § 3633 and is functionally equivalent to the inbound competitive portions of the CP2010-95 Agreement, which was included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product. Accordingly, the PRIME-USPS Registered Agreement should be added to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Respectfully submitted,

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## **ATTACHMENT 1**

### **APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS**

In accordance with 39 C.F.R. Part 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Postal Regulatory Commission (Commission). The materials pertain to the inbound competitive portions of the multi-product “PRIME United States Postal Service Registered Service Agreement” (referred to as the “PRIME-USPS Registered Agreement”) between the Postal Service and certain Foreign Postal Operators (FPOs). The PRIME-USPS Registered Agreement and supporting documents are being filed separately under seal for the Commission’s review. Redacted copies, where appropriate, of these documents are filed publicly.

The Postal Service hereby furnishes below the justification for this Application as required by 39 C.F.R. § 3011.201(b).

**(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.**

The materials designated as non-public consist of information of a commercial nature, including Postal Service and third-party business information that under good business practice would not be disclosed to the public. Based on the Postal Service’s longstanding and deep familiarity with the postal and communications businesses and markets generally, and its knowledge of many firms, including competitors, mailers, and suppliers, the Postal Service does not believe that any commercial enterprise would voluntarily publish information pertaining to the costs, volumes, revenues, rates, and markets for its competitive products. Rather, this information would be exempt from

mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).<sup>1</sup> Because the portions of materials that the Postal Service is filing non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its Application for their non-public treatment.

**(2) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.<sup>2</sup>**

The Postal Service has a proprietary interest in the information contained within the non-public materials. The Postal Service believes that the only third parties that have a proprietary interest in the materials submitted in this matter are the FPOs that are currently parties to the PRIME-USPS Registered Agreement and those FPOs that

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<sup>1</sup> In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. See 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1 (Mar. 20, 2009), at 11.

<sup>2</sup> Section 3011.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the materials.

(ii) If any person other than the submitter has proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

may accede to the agreement in the future. Since the identity of these affected FPOs is commercially sensitive information and the language and cultural barriers may make it difficult for those seeking access to non-public information to provide proper notice to the applicable third parties, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant FPOs. The Postal Service identifies as an appropriate contact person Mikhail Raykher, Attorney, Global Business and Service Development. Mr. Raykher's phone number is (202) 268-4277, and his email address is [Mikhail.Raykher@usps.gov](mailto:Mikhail.Raykher@usps.gov).

The Postal Service also hereby provides notice that it has already informed the FPOs that are parties to the PRIME-USPS Registered Agreement, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and their right to address their confidentiality concerns directly with the Commission. Through language in the agreement, the Postal Service will also inform other FPOs that may accede to this agreement, in compliance with 39 C.F.R. § 3011.200(b), of the nature and scope of this filing and their right to address their confidentiality concerns directly with the Commission. Additionally, Article 22 of the PRIME-USPS Registered Agreement provides each party to the agreement with notice of the Postal Service's intent to file the agreement with the Commission and the Postal Service's intent to seek non-public treatment of the information related to the agreement that the Postal Service determines may be withheld from public disclosure. This Article provides each party to the agreement with information about how to submit any confidentiality concerns directly to the Commission.

Moreover, the Postal Service, in conjunction with the United States Department of State, requested that the Universal Postal Union (UPU) International Bureau (IB) issue a Circular notice to all countries and designated operators informing each of its rights under 39 C.F.R. § 3011.204. This notification was published by the IB in Circular No. 178 on November 8, 2021. Specifically, the notice informs all UPU countries and designated operators that the Postal Service will be regularly submitting certain business information to the Commission. UPU-designated FPOs have a proprietary interest in information relating to their particular flows. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into this Application:

[http://pls.upu.int/pls/ap/addr\\_public.display\\_addr?p\\_language=AN](http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN).

**(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.**

In connection with the Notice filed in this docket, the Postal Service included redacted copies of the PRIME-USPS Registered Agreement (Attachment 2), Governors' Decision No. 19-1 (Attachment 3), and supporting financial documentation files that the Postal Service used to generate specific rates for FPOs. These materials were filed under seal, with redacted copies filed publicly where appropriate. The Postal Service maintains that the redacted portions of these materials should remain confidential as sensitive business information.

With regard to the redacted version of the PRIME-USPS Registered Agreement that was filed in this docket, the redactions withhold, among other things, the actual

prices being offered between the Postal Service and the other FPOs, as well as business rules for operation and settlement, FPOs' identities, the particulars of financial performance incentives and assignments of liability, certain thresholds for eligibility for performance bonuses, Advance Electronic Data requirements, and the specific products that the parties have agreed to make the focus of their collaborative development for their respective markets.

The Postal Service also redacted content on page two of Governors' Decision No. 19-1 and made redactions throughout the financial workpapers. These redactions protect sensitive commercial information concerning the incentive discounts, underlying costs and assumptions, negotiated pricing, applicable cost-coverage, and the non-published rates themselves. In addition, the redactions to the financial workpapers protect sensitive commercial information, including disaggregated revenue, cost, and volume information which is country-specific. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

**(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each harm alleged to result from disclosure.**

If the information the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice. In this regard, the Postal Service is not aware of any business with which it competes (or in any other commercial enterprise), either within industries engaged in the carriage and delivery of materials and hard copy

messages, or those engaged in communications generally, that would disclose publicly information and data of comparable nature and detail.

If the portions of the attachments that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. FPOs that are not parties to the PRIME-USPS Registered Agreement could use the information to their advantage in negotiating the terms of their own future agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to the FPOs that are currently parties to the PRIME-USPS Registered Agreement for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. If the areas in which the FPOs that are parties to the PRIME-USPS Registered Agreement and the Postal Service intend to collaboratively develop new products and services were to be disclosed publicly, their competitors could use this information to preemptively enter the market in those areas. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

Governors' Decision No. 19-1 and the financial models contain sensitive commercial information including the Postal Service's desired cost coverage for the PRIME-USPS Registered Agreement, specific rate information as well as disaggregated, country-specific revenue, cost, and volume information which are highly confidential in the business world. All of this information is highly confidential in the business world. If this information were to be made public, the Postal Service's



competitors would have the advantage of knowing the range of prices agreed to between the Postal Service and the FPOs that are signatories to the PRIME-USPS Registered Agreement, as well as the contribution margin used to establish the prices. Other FPOs interested in acceding to the PRIME-USPS Registered Agreement could take advantage of this information when developing the specific rates to be applied to their circumstances. These FPOs could instead attempt to enter into separate bilateral agreements with the Postal Service and could demand the absolute floor during negotiations, when it would otherwise be possible in some cases for the Postal Service to charge a higher, but still competitive, rate.

Additionally, competitors would be able to take advantage of this information to offer lower pricing to their customers, while subsidizing any losses with profits from other customers. Eventually, this could impact the Postal Service's volume and revenue in the inbound competitive markets for the products and services included in the PRIME-USPS Registered Agreement. Especially since the financial models are filed in their native format, the Postal Service believes that there is a great likelihood that the information would be used to the detriment of the Postal Service.

Moreover, the Postal Service's potential customers could also deduce from the rates provided in the PRIME-USPS Registered Agreement or from the information in the financial workpapers whether additional margin for net contribution exists under the prices in the PRIME-USPS Registered Agreement. The settlement charges between the Postal Service and the FPOs that are parties to the PRIME-USPS Registered Agreement constitute costs underlying the postal services offered to each FPO's customers, and disclosure of this cost basis would negatively impact the Postal

Service's negotiations with contract customers by allowing these customers to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each FPO or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the FPOs that are parties to the PRIME-USPS Registered Agreement could use the information in the financial workpapers in an attempt to renegotiate the rates in this instrument in the future when they have an opportunity to change its rates in accordance with the terms of the PRIME-USPS Registered Agreement, or by threatening to terminate the PRIME-USPS Registered Agreement.

Price information in the PRIME-USPS Registered Agreement and financial spreadsheets also includes the FPOs' sensitive commercial information. Disclosure of such information could be used by each FPO's competitors to assess the FPO's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The FPOs would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

**(5) At least one specific hypothetical, illustrative example of each alleged harm.**

The following restates the harms discussed above and presents at least one hypothetical situation illustrating the consequences of disclosure.

**Harm: Public disclosure of rates or other information in the redacted attachments and financial workpapers would be used by competitors and customers to the detriment of the Postal Service.**

**Hypothetical:** A competing package delivery service obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website. It

analyzes the data to determine what the Postal Service would have to charge FPOs in order for the Postal Service to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products to match the Postal Service's rates under the PRIME-USPS Registered Agreement or markets its ability to guarantee to beat the Postal Service on price for the products covered by the PRIME-USPS Registered Agreement. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the market for these particular products.

**Hypothetical:** A FPO obtains a copy of the unredacted version of the rates and financial workpapers from the Commission's website and uses the rate information to demand the lowest possible rate for every product from the Postal Service knowing that the Postal Service's approved rates include those floor amounts. Using the rate information, the FPO could threaten that it would not use the Postal Service for its inbound international delivery service needs if it did not receive the lowest possible rates. This would severely affect the Postal Service's ability to offer competitive but profitable rates to FPOs within the minimum and maximum rates established by the Governors.

**Hypothetical:** Cost, contribution, and/or cost coverage information is released to the public and becomes available to a competitor. The competitor, which could be a FPO operating in the United States, assesses the profitability of certain services based on the data released. The competitor then targets its advertising and sales efforts at actual or potential customers in market segments where the Postal Service has substantial

contribution, thereby hindering the Postal Service's ability to keep these customers' business.

**Hypothetical:** Cost, contribution, and/or cost coverage information is released to the public and becomes available to a supplier of materials, transportation, or other services. Suppliers are made aware of expected contribution margins by product and are better able to assess the relative strengths and weaknesses of the Postal Service's product lines. With this information, suppliers, including FPOs in the case of international products, decide to increase the rates they charge the Postal Service to provide transportation and/or other services or become more resistant to negotiating favorable prices for their goods and services.

**Harm: Public disclosure of the information redacted from the PRIME-USPS Registered Agreement would provide competitors commercial advantages at the Postal Service's expense.**

**Hypothetical:** A competitor is able to review certain clauses and sections in the PRIME-USPS Registered Agreement and Attachment 3 that concern such sensitive commercial information as settlement rates, business rules for operation and settlement, customer service, incentive structures or Advance Electronic Data requirements. The competitor could take this information and use it to differentiate its own product from the Postal Service's product when it sells to potential customers, including FPOs, and could convince those customers that the competitor's product is better.

**Harm: Public disclosure of identifying information concerning a FPO that is a party to the PRIME-USPS Registered Agreement would give competitors a marketing advantage.**

**Hypothetical:** A competitor is able to identify one or more FPOs that are offered rates under the PRIME-USPS Registered Agreement from information provided on the PRC's website. The competitor uses this information to contact the FPO directly and attempt to undersell the Postal Service and obtain new business. The competitor could also use information included in the financial workpapers to "qualify" potential customers that are FPOs, choosing to focus marketing efforts only on those FPOs that have a mailing profile that is attractive to the competitor, based on its business operations. In addition, considering that the Commission has now released the Postal Service's UPU default rates into the public domain for certain flows, competitors would be able to assess which markets would be best suited for further targeted product initiatives and be armed with knowledge that the rates charged counterparty FPOs in those markets would differ from those that the Commission publicly released. This would undermine the Postal Service's efforts to develop products and maintain its share in key markets.

**Harm: FPOs could use the information in the financials to undermine the Postal Service's position in negotiations concerning bilateral remuneration.**

**Hypothetical:** Disaggregated revenues, volumes, and weights are disclosed to the public. FPOs obtain the information and use it to their advantage in negotiating bilateral or multilateral remuneration with the Postal Service. The disequilibrium in negotiating positions would be caused by the fact that the Postal Service's rates would be known in advance, thereby depriving the Postal Service of the ability to engage in simultaneous exchange of rates in bilateral or multilateral negotiations.

**Harm: Public disclosure of information regarding the competitive domestic and international products would be used by competitors and customers to the detriment of the Postal Service.**

**Hypothetical:** A competing package delivery service obtains a copy of the unredacted version of the non-public materials exposing rates, revenues, volumes, and weights from the Commission's website. It analyzes the data to determine what products and rates to offer in the competitive domestic and international markets in competition with the Postal Service, using data that would not ordinarily be available to competitors. Customers and potential customers could also use the data to negotiate better terms for themselves in contracts with the Postal Service or its competitors.

**Harm: Public disclosure of rates or other information in the financial workpapers would be used by competitors of a FPO that is a party to the PRIME-USPS Registered Agreement to the FPO's detriment, and to the Postal Service's detriment.**

**Hypothetical:** A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Commission's website. The competitor analyzes the workpapers to assess a FPO's underlying costs and volumes for the corresponding products. The competitor uses that information to assess the market potential and negotiate with U.S. customs brokers and freight companies to develop lower-cost alternatives. In addition, disclosure of the rate information relating to U.S. origin flows would disclose the underlying costs of the Postal Service's outbound products, which in turn would significantly harm its ability to price freely in these marketplaces.

**Harm: Public disclosure of information in the Governors' Decision No. 19-1, including the Governors' internal deliberative bases for setting competitive prices, would be used by competitors to the detriment of the Postal Service.**

**Hypothetical:** A competing package delivery service obtains a copy of the unredacted version of the Governors' Decision from the Postal Regulatory Commission's website, revealing the Postal Service's internal deliberative bases for setting certain specific prices for competitively classified products, as well as the pricing formulas and cost directives of the accompanying Management Analysis that supports the Decision. Moreover, if the Commission were to compel such disclosure, it might also compel disclosure of other unredacted Governors' Decisions, past and future. The internal deliberative pricing processes that the Postal Service uses to establish its prices for competitive products can, and does, vary at different times and for different competitive products. That, in turn, harms the Postal Service commercially, and unfairly, as it does not have access to its competitors' similar information.

**(6) The extent of the protection from public disclosure alleged to be necessary.**

The Postal Service maintains that the portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products (including both private sector integrators and FPOs), as well as their consultants and attorneys. Additionally, the Postal Service believes that FPOs, as well as actual or potential customers of a postal operator for these or similar products should not be provided access to the non-public materials.

**(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.**

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers and FPOs continue well beyond ten years, the

Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

**(8) Any other relevant factors or reasons to support the application.**

Negotiated rates for the delivery of competitive inbound mail are not normally available publicly. Rather, they are considered by postal operators to be commercially sensitive.

***Conclusion***

For the reasons discussed, the Postal Service respectfully requests that the Commission grant its Application for non-public treatment of the identified materials.



PRIME USPS Registered Service Agreement

**PRIME United States Postal Service  
Registered Service Agreement**

made and entered into this 1 June, 2022 by the United  
States Postal Services and the Other Parties  
(collectively the "Parties")

Witnessed:

WHEREAS the Parties are Universal Postal Union (UPU) designated postal operators engaged, inter alia, in the cross-border transportation and delivery of mail, and

WHEREAS each of the Parties performs services pursuant the UPU Convention, and

WHEREAS the UPU has adopted the Second Additional Protocol to the UPU Convention, which concerns the phasing-in of Self-Declared Rates for Letter-Post items, and

WHEREAS some of the Parties are following processes to establish Self-Declared Rates for E format items pursuant to Article 29 of the UPU Convention, and

WHEREAS the Parties wish to develop the PRIME Registered Items service into a priority product with reliable track and trace features, and

WHEREAS the Parties each wish to maintain their freedom to determine pricing and conditions in respect of their customers, and

WHEREAS this Agreement only covers PRIME Registered Items sent from the United States Postal Service (USPS) to each of the Other Parties as well as PRIME Registered Items sent from each of the Other Parties to the USPS, and does not cover items exchanged between and among the other Parties where the USPS is not the Sending or Receiving Party, and

WHEREAS the terminal dues for delivery and surcharge for signature confirmation for registered items are not covered by this Agreement but are subject to what is outlined in Article 28, paragraph 8 of the UPU Convention, and

WHEREAS the Parties intend to enter into a non-exclusive arrangement for the exchange of PRIME Registered Items, and

WHEREAS this Agreement does not cover untracked mail, PRIME Tracked and PRIME Expres mail items, or other items requiring a signature.

NOW, THEREFORE, the Parties hereby agree as follows:

**Article 1: Definitions**

All terms beginning with a capital letter in this Agreement (including the Annexes) are defined either in Annex 1 to this Agreement or in the body of this Agreement and referred to in Annex 1.

**Article 2: Delivery of PRIME Registered Items**

This Agreement covers the delivery of cross-border Letter-Post items weighing up to 2 kg that are dispatched as R barcoded items, which are referred to in this Agreement as "PRIME Registered Items."

A Party that receives PRIME Registered Items (the "Receiving Party") from another Party (the "Sending Party") for delivery in its country shall deliver such mail in accordance with the terms of this Agreement.

[REDACTED]

PRIME USPS Registered Service Agreement

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Article 3: Remuneration for the Delivery of PRIME Registered Items**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Article 4: Common Label**

[REDACTED]

[REDACTED]

**Article 5: Definition of PRIME Registered Item**

Any Letter-Post item dispatched as an R series barcoded item shall be considered a “PRIME Registered Item,” and should be dispatched in the UR subclass. The PRIME Registered Items dispatched and covered by this Agreement are subject to the UPU Convention and the UPU Convention Regulations.

**Article 6: Use of ITMATT and PREDES**

The requirements for ITMATT and PREDES are set out in Annex 7.

**Article 7: Liability**

**7.1**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**7.2**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Undeliverable PRIME Registered Items shall be returned in accordance with the UPU Convention Regulations applicable to priority mail items. Nothing in this Agreement precludes a Party from charging a return fee for undeliverable PRIME Registered Items under the UPU Convention and the UPU Convention Regulations.

## Article 9: Bilateral and Multilateral Agreements

This Agreement is intended to cover PRIME Registered Items sent from the USPS to the Other Parties and sent from each of the Other Parties to the USPS.

This Agreement supersedes the UPU Supplementary Remuneration Program to the extent that the UPU Supplementary Remuneration Program would apply to the exchange of PRIME Registered Items covered under this Agreement.

The USPS and the Other Parties may agree to deviate from, and/or to supplement, the provisions of this Agreement by entering into a separate bilateral agreement, provided that such an agreement binds only the USPS and the Other Party that enters into such an agreement. In particular, such a bilateral agreement may provide for different service features and/or rates applicable between the Parties involved.

## Article 10: Contracts with Customers

This Agreement does not establish the prices that any Party charges to, and the contractual terms governing its relationship with, its customers.

## Article 11: Settlement of Accounts

## Article 12: Term, Termination, and Suspension

## 12.1 Entry into Force

Subject to the Conditions Precedent described in this Article 12, this Agreement shall enter into force on 1 June 2022 between the USPS and those Other Parties that have acceded to this Agreement by this date irrespective of how many Other Parties have executed it so long at least one Other Party has executed a Deed of Accession and delivered it to the Head of PRIME.

USPS' acceding to this Agreement and all obligations of the USPS under this Agreement shall be contingent on the USPS receiving favorable reviews or approvals from, and/or non-objection by (hereinafter "Conditions Precedent") one or more internal and external bodies that have oversight responsibilities over the USPS. Conditions Precedent may include but are not limited to: approvals or, if applicable, non-objection, from the USPS's management, the Governors of the USPS, the Board of Governors of the USPS, and the U.S. Postal Regulatory Commission. The USPS and the Other Parties to this Agreement acknowledge that this Agreement might not be approved by such bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under this Agreement, no obligation in relation to the USPS shall exist for the USPS and the Other Parties to this Agreement, and no benefit or rights granted shall inure to the USPS and the Other Parties to this Agreement in relation to the USPS until such time as the Conditions Precedent shall have been fulfilled.

PRIME USPS Registered Service Agreement

In the event that the Conditions Precedent are not fulfilled, the USPS and the Other Parties to this Agreement shall have no liability, which shall include no obligation to pay fees or costs associated with any action taken by the USPS and the Other Parties to this Agreement. Further, in the event of termination of this Agreement or the failure of any Condition Precedent, the USPS and the Other Parties to this Agreement shall not be held liable for any damages or costs of any nature whatsoever except for final settlement. If the Conditions Precedent described in the second paragraph of this Article 12 are not fulfilled, the USPS and the Other Parties to this Agreement will have no additional obligations under this Agreement, financial or otherwise.

**12.2 Duration**

This Agreement is entered into for an indefinite period of time.

**12.3 Termination**

Any Other Party may withdraw from this Agreement at any time after that Party's successful accession to this Agreement by depositing a means of written notice of withdrawal with the Head of PRIME, who will then promptly inform the USPS. Such withdrawal shall take effect only at the end of the third full calendar month following receipt of the notice of withdrawal by the Head of PRIME. The USPS may withdraw from this Agreement at any time by depositing a means of written notice of withdrawal with the Head of PRIME, who will then promptly inform all Other Parties. Withdrawal of the USPS will result in termination of this Agreement at the end of the third full calendar month following receipt of the notice by the Head of PRIME. Following the entry into force of this Agreement, USPS may terminate an Other Party's status as a party to this Agreement with effect at the end of the calendar year provided USPS has given that Other Party at least three months' written notice.

If USPS suspends this Agreement with any Other Party pursuant to Article 12.4, that Other Party will cease to be a party to this Agreement three months after receipt of the written notice of suspension from USPS unless USPS and the Other Party agree otherwise in writing.

If an Other Party suspends this Agreement with USPS pursuant to Article 12.4, that Other Party will cease to be a party to this Agreement three months after USPS receives the written notice of suspension from it unless USPS and the Other Party agree otherwise in writing.

In the event of the withdrawal of a Party from this Agreement or the termination of this Agreement under this Article, the affected Parties shall be liable to make promptly, within at most 60 days, final settlement of all amounts owing as of the effective date of a Party's withdrawal or the termination of this Agreement. Unless the affected Parties agree in writing otherwise, payment of such amounts shall be made in accordance with Annex 3 of this Agreement and the provisions of UPU Convention shall apply to such payments, including the payment of interest for late payments. Each Party shall bear its own costs in the event of withdrawal or termination. All further rights and remedies shall remain unaffected.

**12.4 Suspension**

[REDACTED]

[REDACTED]

[REDACTED]

**Article 13: Accessions**

The USPS can accede to this Agreement by executing a Deed of Accession in the form of Annex 8 and delivering it to the Head of PRIME.

PRIME USPS Registered Service Agreement

Without the necessity of a written instrument duly executed on behalf of all of the Parties, any other UPU designated postal operator which is also a PRIME Member, subject to prior written approval by the USPS, can accede to this Agreement by executing a Deed of Accession in the form of Annex 5 and delivering it to the Head of PRIME, who will inform the USPS. The accession is subject to approval by the USPS, but not subject to approval by the Other Parties.

The list of Parties shall be maintained by the Head of PRIME and updated by the Head of PRIME each time a new Party is approved by the USPS to join the Agreement. The list of Parties shall be available only to the USPS.

**Article 14: Severability**

If any of the provisions of this Agreement (including its Annexes) for any reason whatsoever is or becomes invalid, unenforceable, or unperformable, the legal validity of the remaining provisions of the Agreement (including its Annexes) shall in no way be affected. In that event, the Parties shall attempt in good faith to reach agreement to replace the invalid, unenforceable, or unperformable provision with a new provision that comes as close as possible to achieving the original intent of the invalid, unenforceable, or unperformable provision.

**Article 15: Annexes – Entire Agreement**

The Annexes referred to in this Agreement are an integral part of this Agreement. Subject to Articles 9 and 26, this Agreement, together with the Annexes hereto, constitutes the entire agreement and understanding between the Parties as it relates to the subject matter of the provision of registered service as an ancillary feature to the exchange of Letter-Post items for exchanges (other than tracked mail) between any Other Party and the USPS.

**Article 16: Headings**

Headings in this Agreement are inserted for convenience only and are not to be considered part of this Agreement.

**Article 17: Assignment – Successors**

This Agreement may not be assigned by any Party without the prior written consent of the other Party with whom the exchange of PRIME Registered Items is occurring under this Agreement. All the terms and provisions of this Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors.

**Article 18: Dispute Resolution**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

PRIME USPS Registered Service Agreement

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**Article 19: Amendment**

This Agreement (excluding its Annexes) may be amended by the Parties at any time, but only by a written instrument, duly executed by all of the Parties. Notice of the executed amendment shall be sent to the Head of PRIME, who will inform all the Parties.

The USPS and the Head of PRIME shall meet when there are topics to be discussed. In addition, the USPS is empowered to amend all the Annexes to this Agreement without the approval of any of the Other Parties but only after consultation with the Head of PRIME. Subject to this process, the USPS may amend any Annex to this Agreement by giving four-month's written notice of any such amendment to the Head of PRIME. Any such amendment shall enter into force only at the beginning of a quarter. Amended Annexes shall be distributed promptly to all Parties by the Head of PRIME.

**Article 20: Governing Law**

[REDACTED]

**Article 21: Notices**

All notices, requests, and other communications permitted or required to be given under this Agreement shall be in writing in the English language and shall be signed by a person duly authorized to provide such notice.

Notices shall be given by (a) registered or certified mail, with Advice of Receipt requested, (b) private courier service, or (c) email with read confirmation addressed to the address of the Head of PRIME or at such other addresses as the Head of PRIME may designate by like notice from time to time.

Such notices shall be deemed to have been given upon receipt.

**Article 22: Confidentiality**

The Parties to this Agreement acknowledge that any rate information under this Agreement and information concerning the quality of service performance under this Agreement, constitute commercially sensitive information and should not be disclosed to third parties except as required by law.

The Parties to this Agreement will treat as confidential and not disclose to third parties, absent express written consent of all Other Parties, any such information related to this Agreement as long as it is treated as non-public by the U.S. Postal Regulatory Commission (Commission). The Parties to this Agreement acknowledge that United States law may require that this Agreement be filed with the Commission and the U.S. Department of State. In addition, the USPS may be required to file information in connection with this Agreement in Commission dockets, including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR202#, in which "202#" signifies the USPS fiscal year to

PRIME USPS Registered Service Agreement

which the ACR pertains. The Other Parties to this Agreement authorize the USPS to determine the scope of information that must be made publicly available under the Commission's rules. The Other Parties to this Agreement further understand that any unredacted portion of this document or the text of this Agreement may be posted on the Commission's public website, [www.prc.gov](http://www.prc.gov). The Other Parties to this Agreement have the right, in accordance with the Commission's rules, to address confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Part 3011, including sections 3011.201 and 3011.204. The procedure is also available on the Commission's website at <https://www.prc.gov/sites/default/files/Title39/Introductory%20Statement.pdf>. At the request of an Other Party to this Agreement, the USPS will furnish notice of the docket number of the Commission proceeding, if any, used in connection with this Agreement. The Parties to this Agreement shall each provide the same care to avoid disclosure or unauthorized use of the confidential information as each would provide to maintain the confidentiality of its own information.

**Article 23: Legal Status of the Agreement**

This Agreement constitutes a legally binding commercial agreement on the part of each Party and does not bind the Parties' respective governments. This Agreement does not involve the creation of a subsidiary, branch, or stable arrangement of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency, partnership, or employer-employee relationship be created between any of them by this Agreement. Through this Agreement, the Parties do not create or designate any third-party beneficiaries.

**Article 24: Language**

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

**Article 25: Force Majeure**

Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including, but not limited to: natural disasters; fires, floods; wars; sabotage; accidents; labor disputes or shortages; governmental laws, ordinances, rules and regulations, whether valid or invalid; court orders, whether valid or invalid; inability to obtain material, equipment, or transportation; and any other similar or different contingency.

Notwithstanding the foregoing, each Party shall cooperate and make reasonable efforts to facilitate performance of this Agreement. If, during the course of performance, any Party, for reasons beyond its control, is practicably unable to comply with any specific obligations pursuant to this Agreement, then it shall (1) notify and seek the same relief from all other counterparties to all other PRIME agreements to which the Party is a signatory, and (2) notify the Head of PRIME by email within 24 hours of any such event becoming known to it.

**Article 26: Survival**

The terms and conditions of other portions of this Agreement that, by their context or nature, are intended to survive after performance hereunder, shall survive the termination or expiration of this Agreement, including, but not necessarily limited to, the provisions of Articles 12, 14, 15, 16, 18, 20, 22, and this Article 26. Claims that have arisen by then will also survive the conclusion or termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and delivered as of 1 June 2022, subject to any Conditions Precedent identified above.

PRIME USPS Registered Service Agreement

**List of Annexes**

Annex 1:	Definitions
Annex 2:	Technical Specifications
Annex 3:	Delivery Standards
Annex 4:	Enhanced Payment Remuneration
Annex 5:	Deed of Accession
Annex 6:	Importer of Record Number for Imports to the United States
Annex 7:	AED Requirements
Annex 8:	USPS Deed of Accession



## **Annex 1: Definitions**

### **Agreement**

PRIME United States Postal Service Registered Agreement dated June 1, 2022.

[REDACTED]

### **Common Label**

A label which includes mandatory fields to be used by the Sending Party to enable the Receiving Party to identify and successfully deliver a PRIME Registered Item. The label will include the S10 standard barcode, receiver and sender addresses, and customs information.

### **Deed of Accession**

Deed to be executed by a UPU-designated postal operator wishing to accede to the Agreement.

[REDACTED]

### **EDH Scan**

A scan by a Receiving Party of an incoming item at arrival at the collection point, for pick up by addressee.

### **EDI**

Electronic Data Interchange.

### **EMC Scan**

A scan by a Sending Party as an item leaves the Sending Party's outbound Office of Exchange.

### **EMD Scan**

A scan by a Receiving Party of an incoming item as it arrives at the Receiving Party's inbound Office of Exchange.

### **EMH Scan**

A scan by a Receiving Party of an incoming item at the attempted delivery (presentation at the address indicated on the address label).

### **EMI Scan**

A scan by a Receiving Party of an incoming item at the final delivery to the addressee.

[REDACTED]

### **Head of PRIME**

The person who is responsible for managing the PRIME activities and the PRIME Management Team.

### **Host Piece**

The Letter-Post item to which the Basic Remuneration and the Enhanced Payment Remuneration is applied.

**ITMATT**

(ITeM ATtribute), a standard EDI message that specifies how item information is encoded for electronic customs declaration purposes (in conformity with the latest versions of UPU standard M33, as updated from time to time).

**Letter Post**

As defined in Article 17 of the UPU Convention or a successor provision.

**Office of Exchange**

A postal sorting office that specializes in receiving and sending cross-border mail.

**On-Time Information Return**

The delivery scans (EMH/EDH/EMI) provided by 20:00 hours local time at the point of delivery the day after delivery, provided that the EMD scan was sent for the item.

**On-Time Delivery**

The delivery time measured according to the delivery standards provided by the Receiving Operator from the EMD arrival at the destination Office of Exchange to the EMH/EMI, delivery or attempted delivery to the addressee.

**Other Party(ies)**

Parties to this Agreement other than the USPS.

**Party(ies)**

The parties having entered into the Agreement.

**PREDES**

Electronic message with pre-advice of dispatch sent by the Sending Party (in conformity with the latest versions of UPU standard M41, as updated from time to time).

**PRIME**

Designated postal operators working together in the tracked packet area.

**PRIME Member**

Designated postal operator that is part of the PRIME network.

**PRIME Registered Item(s)**

Has the meaning attributed to it in Article 5.

**Ready Reckoner**

Official document to assist the settlement of accounting among PRIME Members.

**Receiving Party**

Has the meaning attributed to it in Article 2.

**RESDES**

Electronic return message containing information about receptacles of a dispatch of mail that has been processed at an Office of Exchange of a Receiving Party.

[REDACTED]

**Sending Party**

Has the meaning attributed to it in Article 2.

[REDACTED]

**U.S.**

United States of America.

**USPS**

United States Postal Service.

**UPU**

Universal Postal Union.

**UPU Convention**

The Universal Postal Convention including all Protocols to, and any subsequent Universal Postal Convention that enters into force. References in the Agreement are to the Articles of the Universal Postal Convention currently in force. As later Universal Postal Conventions enter into force, these references are to be read as to the corresponding portions of the language Articles in those conventions even though the numbering of such portions within the Convention has been subsequently recast or otherwise changed by the UPU.

**UPU Convention Regulations**

The Universal Postal Union Convention Regulations then in force, for the exchange of cross-border mail. As later Universal Postal Convention Regulations are adopted, these references are to be read as to the corresponding portions of the Articles in those Regulations even though the numbering of such portions within the UPU Convention has been subsequently recast or otherwise changed by the Postal Operations Council or successor body.

[REDACTED]

**Annex 2: Technical Specifications**

[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

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Annex 2

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]

PRIME USPS Registered Service Agreement

Annex 3

**Annex 3: Delivery Standards**



PRIME USPS Registered Service Agreement

Annex 4

**Annex 4: Enhanced Payment Remuneration**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

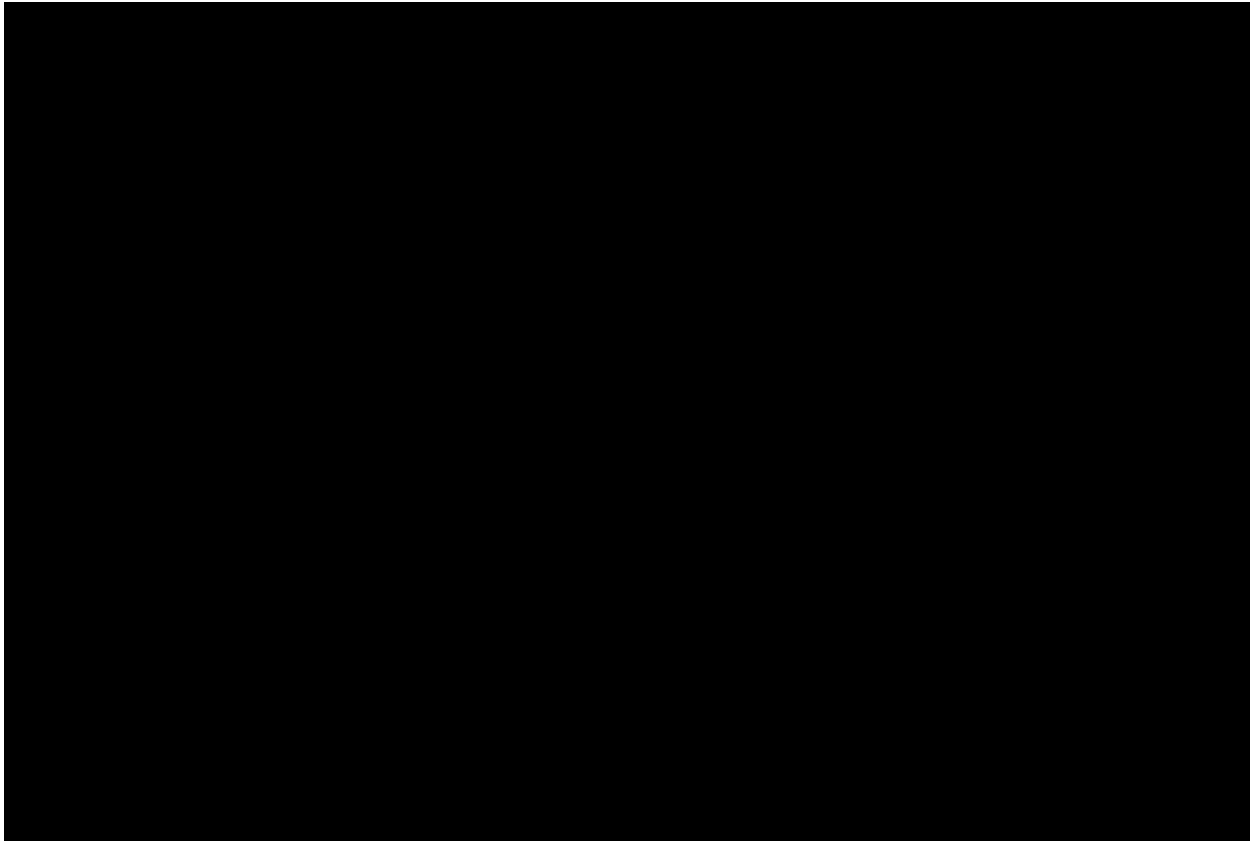
[REDACTED]

[REDACTED]

[REDACTED]

PRIME USPS Registered Service Agreement

Annex 4



[Redacted line of text]

[Redacted line of text]

[Redacted line of text]



**Annex 5: Deed of Accession**

***THE UNDERSIGNED "ACCEDING PARTY"***

[name of the postal operator],

Requests admission to the PRIME United States Postal Service Registered Service Agreement.

The effective date of this Deed of Accession is subject to approval by the United States Postal Service, which shall be communicated separately in writing to the Acceding Party.

The Acceding Party agrees to be bound by all of the provisions of such PRIME United States Postal Service Registered Service Agreement.

Signed at ..... on .....

UPU Designated Postal Operator (DPO) - Name
.....
DPO's Authorized Representative
Name .....
Signature .....

**Annex 6: Importer of Record Number for Imports to the United States**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### Annex 7: AED Requirements

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

PRIME Registered Service Agreement

Annex 7

[REDACTED]

CONFIDENTIAL INFORMATION  
PRIME Registered Service Agreement

Annex 8

**Annex 8: USPS Deed of Accession**

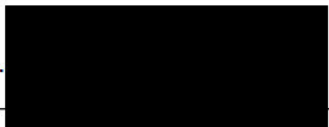
***THE UNDERSIGNED "ACCEDING PARTY"***

United States Postal Service,

Accedes to the PRIME United States Postal Service Registered Service Agreement.

The Acceding Party agrees to be bound by all of the provisions of the PRIME United States Postal Service Registered Service Agreement.

Signed at 8:45 A.M., on 5/9/2022

UPU Designated Postal Operator (DPO) - Name
United States Postal Service
DPO's Authorized Representative
Robert Raines, Jr. Managing Director of Global Business
Signature ..... 

CONFIDENTIAL INFORMATION  
PRIME Registered Service Agreement

Annex 5

**Annex 5: Deed of Accession**

***THE UNDERSIGNED "ACCEDING PARTY"***

██████████,

Requests admission to the PRIME United States Postal Service Registered Service Agreement.

The effective date of this Deed of Accession is subject to approval by the United States Postal Service, which shall be communicated separately in writing to the Acceding Party.

The Acceding Party agrees to be bound by all of the provisions of such PRIME United States Postal Service Registered Service Agreement.

████████████████████

UPU Designated Postal Operator (DPO) - Name
██████████
DPO's Authorized Representative
██████████ ██████████████████ ██

CONFIDENTIAL INFORMATION  
PRIME Registered Service Agreement

Annex 5

**Annex 5: Deed of Accession**

***THE UNDERSIGNED "ACCEDING PARTY"***

[REDACTED]

Requests admission to the PRIME United States Postal Service Registered Service Agreement.

The effective date of this Deed of Accession is subject to approval by the United States Postal Service, which shall be communicated separately in writing to the Acceding Party.

The Acceding Party agrees to be bound by all of the provisions of such PRIME United States Postal Service Registered Service Agreement.

[REDACTED]

UPU Designated Postal Operator (DPO) - Name
[REDACTED]
DPO's Authorized Representative
[REDACTED]

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)**

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February 7, 2019

**STATEMENT OF EXPLANATION AND JUSTIFICATION**

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal



Regulatory Commission. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover at least 100 percent of the attributable costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegate(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

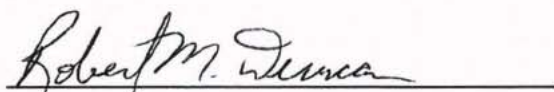
No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

## ORDER

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of any necessary review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in cursive script, reading "Robert M. Duncan", is written over a horizontal line.

Robert M. Duncan

Chairman, Board of Governors



## Attachment A

### **Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates**

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, “competitive instruments”). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each “product”) will be [REDACTED]

[REDACTED]

The cost coverage for a product equals [REDACTED]

[REDACTED]

[REDACTED]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Priority Mail Express, Parcel Return Service, Parcel Select, First-Class Package Service, First Class Package International Service, Commercial ePacket Service, Priority Mail International, Priority Mail Express International, International Priority Airmail, International Surface Air Lift, Inbound Parcel Post, Inbound Direct Entry, and Inbound EMS services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service’s network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Prices

established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R. § 3015.7(c), requires competitive products to contribute a minimum percentage to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise from 39 U.S.C. §3633(a)(1).

The Postal Service shall submit a semi-annual report to the Governors. The report shall include information on the cost coverage for each agreement or initiative that has been executed under the authority of Governors' Decision 19-1. Agreements classified as non-published rates or rate ranges may be reported as a collective grouping; all other agreements or initiatives are to be reported separately. The report shall also include cost coverage information on any agreements and nonpublished initiatives established under previous numbered Governors' Decisions and Resolutions.

**UNITED STATES POSTAL SERVICE  
OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON  
GOVERNORS' DECISION NO. 19-1**

Consistent with 39 USC 3632(a), I hereby certify that the following Governors  
voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan  
David C. Williams



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Michael J. Elston  
Secretary of the Board of Governors (A)

7 February 2019

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Date

## **Certification of Prices for Inbound Competitive Multi-Service Agreement with Foreign Postal Operators**

I, Karen Meehan, Director, International Pricing and Financial Reporting, Finance Department, United States Postal Service, am familiar with the inbound competitive prices for the “PRIME United States Postal Service Registered Service Agreement” (referred to as the “PRIME-USPS Registered Agreement”), to which parties acceded to in 2022. The prices contained in the PRIME-USPS Registered Agreement were established in accordance with the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors’ Decision No. 19-1), issued on February 7, 2019.

I hereby certify that the cost coverage for the PRIME-USPS Registered Agreement has been appropriately determined and represents the best available information. The rates are in compliance with 39 U.S.C. § 3633(a)(1), (2), and (3). The rates demonstrate that the PRIME-USPS Registered Agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from the PRIME-USPS Registered Agreement should be much smaller. The PRIME-USPS Registered Agreement should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Karen  
Meehan

Digitally signed by Karen  
Meehan  
Date: 2022.05.11  
11:47:57 -04'00'

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Karen Meehan

5/11/2022

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Date